



Mortgage woes afflict high rate of active troops, veterans

By Bill Briggs, NBC News contributor

To grasp the breadth of the housing crisis affecting a large portion of American troops past and present, consider the ironic case of Grant Moon:

After 13 years as a soldier and captain in the Army National Guard and Army Reserves, logging time in Baghdad during 2007 and 2008, Moon returned to home soil to launch a home-loan advisement firm for service members. This month, Moon's company will partner with VeteransPlus, a nonprofit that has supplied financial education to more than 150,000 current and former soldiers, airmen, sailors and Marines.

"I am underwater on my home," Moon said. "I can't refinance (because he owes more on his home loan than the property is worth). Yet I have my own company that's very well tapped into the mortgage market. So, you know, this is a big problem." [Advertise | AdChoices](#)

The rates of underwater mortgages and foreclosures appear to be higher among active-duty U.S. troops and ex-service members than among American civilians, said John E. Pickens, executive director of VeteransPlus, and a former combat medic with the U.S. Army Special Forces and 82nd Airborne Division.

"It's more commonplace than people know," agreed William Jewsbury, a retired Army Master Sergeant who spent 33 years in the service. In 2011, he was forced to do a short sale on his home near Portland, Ore., losing about \$70,000 in the transaction. "Especially for the guys over in the sandbox – Iraq and Afghanistan – it's pretty common. If the banks nail you (with a foreclosure notice) while you're in theater, you can't just drop whatever you're doing to come home and take care of it."

While no firm national statistics are available to gauge the full scope of military-mortgage misery, VeteransPlus says that among the 150,000 service members it has counseled since the U.S. mortgage meltdown began in 2008, 39 percent (or 58,500) had housing concerns, almost half needed emergency financial help, and 82 percent had less than one month of mortgage-payment savings in reserve.

Service members have "several things stacked against them," Pickens said, especially active-duty troops, national guard and reserves. "Those things include the frequency of deployments and a difficulty finding employment when they get home."

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Based on interviews with three financial experts who work with service members and two veterans with mortgage issues of their own, there appear to be six basic reasons why thousands of current and former troops are sliding into shaky housing ground. [Advertise | AdChoices](#)

1. Deployments (and re-deployments) to war zones

More than half of the 150,000 military clients counseled by VeteransPlus are reservists or national guard members, meaning they leave full-time jobs - and their civilian salaries - when they're sent overseas. During deployments, those troops are paid



"Many of them are receiving lower wages while serving as military personnel than they were when employed at home," Pickens said. "So if a guy is, say, an E3 rank, the pay is between \$1,750 a month and \$1,981 a month." In the States, those same people may gross \$3,000 to \$5,000 per month or more.

Moreover, many service members faced several deployments. When Afghanistan and Iraq broke out, "nobody estimated that a lot of these people would be deployed three to four times," said Chris Fitzpatrick, director of strategic partnerships for the Yellow Ribbon Registry Network. "That lack of fiscal planning is something we end up focusing on a great deal."

2. Partners at home often struggle with budgeting

VeteransPlus has tracked a clear trend among the 150,000 military families with whom it has worked: "The person who deploys is typically the person paying the bills at home," said Fitzpatrick, who in addition to his Yellow Ribbon work serves as deputy director of VeteransPlus.

So, before one partner ships out, the other person at home "is saying, 'Hey, wait a minute now: you want me to take care of the bills, the car, the house? This is not my game.' To which the person leaving for duty says, 'Sorry, I have to deploy. Learn it fast.'"

"That," Fitzpatrick added, "has always been a problem."

Additionally, when financial issues surface - such as lapsed house payments - the spouse or partner at home is often reluctant to inform the overseas soldier, not wanting them to lose focus while in combat, Pickens said. "They ask themselves: 'Do I really reveal this letter I got from the mortgage company? Do they really need to hear about that where they are right now?'"

When mortgage issues are kept hidden in that way, they only grow bigger and more complicated, both men said.

3. Predatory lenders

In October 2011, a whistleblower lawsuit was unsealed in a federal court in Atlanta alleging that some of the nation's largest banks and lenders had defrauded veterans out of hundreds of millions of dollars by disguising illegal fees in veterans' home refinancing loans.

Among the companies accused in that lawsuit were Wells Fargo, Bank of America, J.P. Morgan Chase and GMAC Mortgage, who were alleged to have engaged in "a brazen scheme to defraud both our nation's veterans and the United States treasury" of millions of dollars in connection with home loans guaranteed by the Department of Veterans Affairs. As a result, the suit claimed, tens of thousands of the VA loans have gone into default or resulted in foreclosures.

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One of Moon's prime motivations for launching VA Loan Captain was to give veterans a safe place to obtain home financing. His company has so far vetted four banks - mandating that each sign a guarantee pledge that blends ethical, legal and compliance components - before suggesting that his military clients use those institutions to obtain mortgages.

"We pre-screen these banks and make sure there's no type of predatory lending. Then we allow the bank to operate on our platform," Moon said. "(Through our company), veterans can go online anonymously, get pricing fees among some of our platform VA lenders so they have a transparent environment to see what the pricing is going to be. That gives them the ability to make an informed decision."

4. Frequent transfers and the military mindset



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4. Frequent transfers and the military mindset

When active military members receive orders to transfer to a new base, they have to decide if the market will even allow them to sell their property. If their mortgage is underwater, they will lose money in a sale.

“When things do happen that affect our stability, primarily for active duty members, it is outside of our control,” said Robert Sanders, a retired U.S. Air Force master sergeant who worked in information management, serving 14 years overseas.

His mortgage dilemma emerged after he retired from the military. When Sanders was offered a civilian job in Florida, he was forced to do a short sale on his home in Arizona, which had lost 60 percent of its value during the downturn. (He also was unable to rent the house).

“A military member may have bought a home and thought they could ride out their last few years until retirement at the same location,” Sanders said. “However, if the Air Force gives you orders, you cannot refuse them simply based on the fact that you have a home and would need to sell it.

“They have the old ideal that this will be their only home from now until death so, why not start at the top (with a larger, pricier home), since they can’t imagine buying now and having the option to perhaps sell and upgrade later. Military tend to think in long-term, locked-in directions”

Added Moon: “A lot of people in the military don’t necessarily think ahead. It’s like, ‘Hey, I’ll just buy every two years’. But you have to think ahead. If you’re in the military, chances are you’ll probably move again.”

5. Lack of financial literacy

The inability to fully understand the housing market, credit scores, home budgets or other money matters leads many service members to make poor fiscal choices, Moon said.

“As many military tend to come from lower income families, the idea of ever owning a home is truly an American dream, but the result is to potentially enter (such a purchase) without a basis of (financial) experience or understanding,” Sanders said. “The military doesn’t tend to push training in areas of personal finance.”

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6. VA Loans and buying too big

Through the U.S. Department of Veterans Affairs, service members can obtain VA-guaranteed mortgages issued by qualified lenders. But some veterans have made the critical mistake, Sanders said, of securing a VA loan they can’t truly afford.

“Having the VA Loan makes it tempting for someone to take more than they need,” Sanders said. “This can come from either the Realtor talking it up for their own benefit, or the military member seduced with the ‘if THIS is good, but I can afford THAT, why wouldn’t I take THAT?’ mentality.”